

Payment/Delivery Reform Work Group
Monday May 21, 2012
8:00am – United
Meeting Minutes

Attendees: Mike Souza, Monica Neronha, Tara Townsend, Linda Johnson, Stacy Paterno, Tilak Verma, Domenic Delmonico, Al Kurose, Paul Block, Al Charbonneau, Kim Paull, Craig O'Connor, Amy Black, Teri Mota, Joan Kwiatkowski, Vivian Weissman, Patrick Tigue

- I. Call to Order - Patrick Tigue and Kim Paull from the Office of the Health Insurance Committee
- II. Presentation (available upon request, and located on website)
Questions/Comments/Clarifications
 - a. Domenic Delmonico: What I have been confused about, how does expectation of a four percent maximum medical expense trend factor line up with regulation 2? Does this pre-empt regulation 2?
 - i. Patrick Tigue: Regulation two was proposed last year, but as it was introduced last year it was never approved. This in no way, at this stage, pre-empts regulation two however – this does not have the force in the way that the existing regulation 2 stands.
 - b. Vivian Weissman: As this is happening, is there any look at whether small groups are actually leaving and not renewing? I hear anecdotally that a number of small groups find it unaffordable already and are starting to leave.
 - i. Patrick Tigue: We are working to report on market enrollment on a frequent basis.
 - ii. Kim Paull: The big trend we saw in this enrolment is that the insurance market increased – we added about 4,256 covered lives to the privately enrolled market. The caveat is those are mostly self-insured.
 - iii. Stacy Paterno: When you look at that number and say self-insured, do we know that those would be the folks who are eligible now as a result of the ACA, or those who are just walking in - was there a corresponding drop in other markets.
 - iv. Kim Paull: Overall RI population is falling, so both sides of the equation are decreasing. You have slightly more in the privately insured market.
 - v. Patrick Tigue: I think that on a data level we are not able to tease out how many were from growth in the market through the ACA vs. just natural growth.
 - vi. Kim Paull: It is difficult to draw causation from the trends, but we do look at the trend of large group number of lives, and self-

insured lives, and for the first time, self-insured lives outnumber large group.

- c. Domenic Delmonico: One thing we haven't seen is the linkage of this work to the public health goals and the real job for the people in these rooms are improving public health – where can we find that connection. It doesn't seem like that linkage is there.
 - i. Kim Paull: That is a great point and that is not lost on us at all – I believe that at the last meeting of coordinated health planning council it was said that if we do the job right the numbers will reflect it, but we need the numbers to show where we are. Our goal as an office is to provide tools, to start the conversations and partner with the Dept of Health and others to find that connection.
 - ii. Patrick Tigue: It is not lost on us at all, and now that we have additional staff capacity, working on alignment against other state agencies is a key goal and working with health, and while recognizing what Kim said that we have individual purviews on this, working to affect public health.
 - iii. Domenic Delmonico: It is tough to consider monetary changes, but the consideration is what are you doing to public health goals.
 - iv. Patrick Tigue: You are right we will eventually have to see if we are going to put our money where our mouths are.
- d. Joan Kwiatkowski: Are all of these relative to all populations? Or are you simply looking at adult insured populations in this data?
 - i. Kim Paull: For our hospital payment study (first two), those are the claims that are coming in from the hospitals, and we are working with the insurance partners for that data, so it is insured lives. One other consideration we are reviewing is what does it mean to be uninsured in RI. To answer your questions it is who is insured by one of the big three in Rhode Island.
- e. Tilak Verma: These things that you are proposing to measure in the future, it seems to me that it has been done in the past and is accessible somewhere perhaps?
 - i. Kim Paull: That's true, and we do struggle with how do we bring something new to the conversation. For example the PPR study – Medicare does a PPR study, but only for Medicare patients – this will be overall, expanding the conversation. Also it is updated, so that we know now what are working with and what our environment looks like now.

III. Questions & Discussion

- a. Stacy Paterno: Can you speak to a hearing that was held the other day on affordability standards?

- i. Patrick Tigue: The fourth affordability standard is one that requires issuers to work toward comprehensive payment reform across the delivery system. There are six conditions that have to be met to meet reviews. There was a public input meeting (not a hearing) last week, and with that as the spurring and animating idea for it are these the right kind of conditions for this, if we are to reverse them what you would prefer to see in them, what would you like left out. The response was not quite what we were looking for, but we will extend the deadline by about a week to see if anyone else would like to weigh in. We will take it all into account, publish the comment etc.
- b. Stacy Paterno: Since you put the original provision in place in 2010, what have you seen happen and what is prompting the next level?
 - i. Patrick Tigue: If you look at the Affordability assessment published back in November, generally speaking we have seen a large degree of compliance and all have had some success in moving things forward. We have seen it move from per diem to more efficient services and payment models, we do think they have moved things in the right direction, broadly speaking, but we believe there is always room for improvement.
- c. Domenic Delmonico: As you move towards more risk models, RI balance sheets of those companies are very weak. Somehow the insurance commissioner needs to step in, for that transfer of risk eventually will fall to providers. There is very little activity that identifies the person taking on the risk or the company taking on the risk. The movement of self-funding is very concerning, and if you as regulators do not step in it is a concern. Secondly, as providers move to bundled payments and capitation, balance sheets in RI don't support what is underlying those moves and that will be a concern.
 - i. Patrick Tigue: One the first issue, more employers even some smaller groups moving towards a self insured arrangement, there is acknowledgement that is happening and certainly concerning for the issues you are pointing out. There are regulatory limits to what we can do due to ERISA. I understand that it is a very real concern and that we are committed to doing whatever is in our purview to do what is in our regulatory flexibility to prepare and work on how to address that going forward. On the provider side, we again do not have direct regulatory flexibility on that issue. We want to reform the system in a way that is quick but not unrealistic and not damaging. This is why we do want to hear from you.
- d. Kim Paull: This is not an immediate transition, describing weight points so that both sides of the equation can help make those changes

so that folks on both sides of those conversations can be on the same page. We want to motivate discussions about what will work for you.

- IV. Public Comment – No additional comment given at this time.
- V. Adjourn – Please reach out to Kim or Patrick at any time with questions, concerns and input.